Technical
Safety Authority
of Saskatchewan

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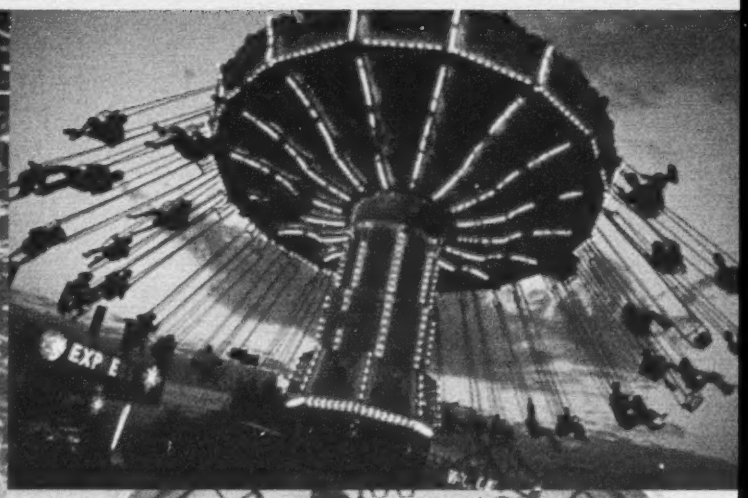
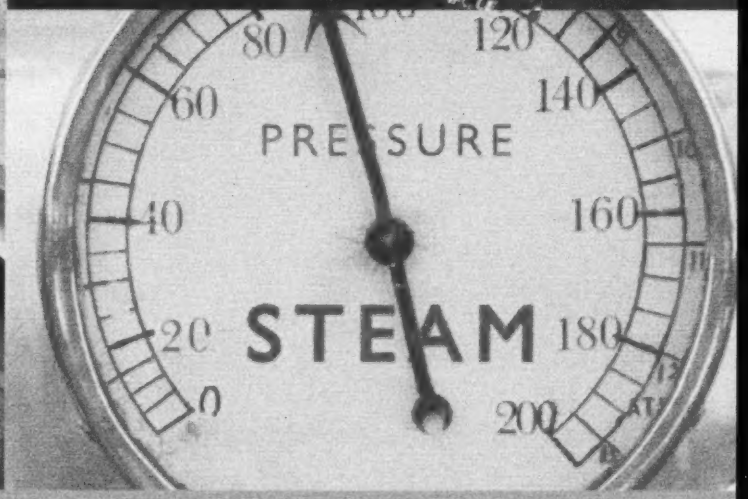




ANNUAL REPORT 2014

INSPIRING AND SHAPING EXCELLENCE IN PUBLIC SAFETY

Vision

Recognized as a leading safety authority - a Saskatchewan service provider, inspiring and shaping excellence in public safety.

Mission

In collaboration with owners, operators and the industry, TSASK provides professional safety, educational and regulatory services that instill a high level of confidence in our public safety system.

"Since joining the organization in January 2013, a key objective was to create a culture that engages and aligns our people with our vision, mission and values and empowers them to deliver on our strategic priorities as a stand-alone, arm's length company. The result has been a more collaborative team with a shared focus on elevating our service delivery model to enhance our public safety goals and objectives on behalf of the Province of Saskatchewan."
said CEO Bill Scott

Core Values

Safety is Paramount
We practice uncompromised safety in and through the services we deliver.

Integrity
We are open, honest, ethical and transparent in our conduct.

Accountability
We are committed to responsible, consistent and dependable actions.

Teamwork
We believe in the strength of collaborative efforts.

Respect
We treat colleagues, customers and stakeholders with respect.

Recognition
We value and acknowledge the work, ideas, initiatives and contributions of our colleagues and customers.

Professional Service
We add value to our customers through excellence in everything we do.

Continuous Learning
We invest in our employees' learning, growth and transfer of knowledge to support continuous improvement.

Table of Contents

Introduction

Message from the CEO 4
Strategic Priorities 7

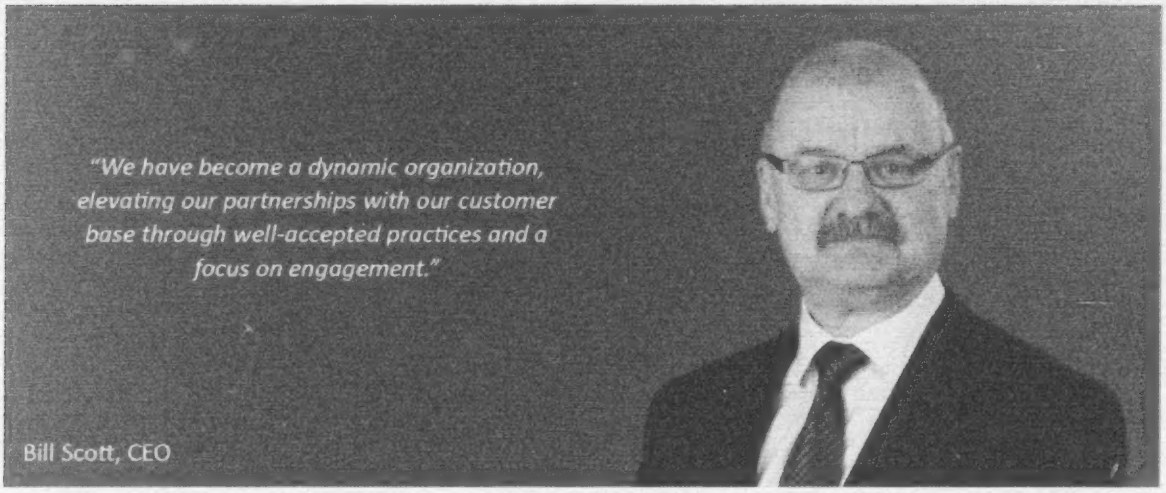
Overview

Management's Discussion of Financial & Operational Performance 10
2013-14 Board of Directors 19

Financial

Management's Responsibility for the Financial Statements 22
Independent Auditor's Report 23
Financial Statements 24
Statement of Financial Position 24
Statement of Operations and Changes in Net Assets 25
Statement of Cash Flows 26
Notes to the Financial Statements 27

Message from the CEO


"We have become a dynamic organization, elevating our partnerships with our customer base through well-accepted practices and a focus on engagement."
Bill Scott, CEO

I am pleased to present the Annual Report for the Technical Safety Authority of Saskatchewan (TSASK) for the 2013-14 fiscal year. This year was of strategic and operational importance as we embraced our mandate, and empowered our people to own our vision, mission and values.

Much work was focused internally, building better communication, succession and accountability processes to align our team with a broader mandate to deliver on our safety responsibilities. At the same time, we implemented strategies designed to build competencies that will advance TSASK's vision to become a nationally recognized authority shaping excellence in public safety.

We have become a dynamic organization, elevating our partnerships with our customer base through well-accepted practices and a focus on engagement. This work reflects our commitment to the Province as

"The expertise and professionalism of TSASK's inspectors as members of our team investigating an incident was extremely valuable. The magnitude and complexity of the incident reinforced the need to build a strong team of subject matter experts to support safety standards in Saskatchewan. We achieved this objective by combining the talents of TSASK's Chief Inspector and his staff with Regina Fire & Protective Services investigators. We have now established a solid partnership that will advance our important mandate as we strive to educate and protect our provincial customers into the future."

Randy Ryba
Fire Marshal
Regina Fire and Protective Services

defined in our mandate under the Safety Standards Agreement, as amended.

This year, we have had the opportunity to illustrate our commitment and contribution to Saskatchewan and our stakeholders. We have actively partnered with Regina Fire and Protective Services on a difficult and complex incident investigation. On our part, we were able to provide valuable information to Regina Fire and Protective Services investigators regarding pressure vessel standards and operation. As a result, we created a partnership founded on shared values that has allowed us to excel as a team while addressing an important matter of safety for a significant Saskatchewan company.

We have also been able to work with Saskatchewan educators to assist in the development of innovative on-line power engineering programs for high school students in the Province. This will be an important step in addressing the labour shortage in this very technical field. Students will receive training in the operation of steam boilers, pressure vessels, fired heaters and refrigeration equipment. The course developed by Prairie South School Division also involved SaskPower and will allow students to receive hands-on training in Coronach, Saskatchewan at the Poplar River Power Station. This trial project has proven to be very popular and we are pleased to have played a part in supporting the next generation of power engineers.

"Prairie South School Division recognizes that our collaboration with TSASK and SaskPower will benefit students through local development and delivery of Introduction to Power Engineering high school credits. Our partnership delivers on the three R's: relevance, rigor and relationships to ensure learning outcomes meet industry competencies required of Level Five Power Engineering and Fireman's certifications. At the same time, our collective contribution addresses critical Saskatchewan labour market demands."

Barbara Compton
Superintendent of School Operations
Prairie South School Division

On a separate front, TSASK has been working closely with Mitsubishi Hitachi Power Systems Canada, Ltd., in Saskatoon to assist them in the pursuit of a new product line for their Saskatoon facility. To support their ongoing regulatory requirements, our team proactively sought out the necessary certification to ensure that we have the capability to examine, license and register the equipment. This work would otherwise need to be sourced from out of province. Mitsubishi has been a long term customer and we are pleased to have found an additional method to support their operation.

"TSASK has been an engaged partner in Mitsubishi Hitachi Power Systems Canada's work to establish the provincial and national regulatory qualifications necessary to participate in the development of new technology and products for use in the nuclear and Liquid Natural Gas energy market sectors. TSASK consistently provides responsive and competent support in design review and authorized inspector services, which are critical to our work as a national manufacturer of pressure vessels and pressure piping for the power generation and energy market sectors."

Tom Kishchuk, P. Eng.
President and CEO
Mitsubishi Hitachi Power Systems Canada, Ltd.

Operationally, it has been an extremely busy year for our company and I am very proud of the TSASK team. In addition to advancing our strategic priorities, our

people have been responsive in actively addressing the significant growth in demand for our services and adjusting priorities to meet our changing business needs.

During the year, TSASK conducted 14,393 inspections, delivering on our safety mandate. From a customer service perspective, we faced heightened demand for examinations. In response, we added additional exam sittings. We conducted 4,771 examinations in fiscal 2013-14 compared to 4,307 the prior year, an increase of 10.8%.

14,393	4,771
TOTAL INSPECTIONS	EXAMINATIONS

Financially, we continue to enjoy stable, predictable revenues supported by the growth of the provincial economy. To ensure financial viability in times of economic downturns and to protect against unforeseen circumstances, TSASK has restricted $600,000 in a reserve. We are now in a position to cover operating costs for a four month period, consistent with the Safety Standards Agreement (SSA) we have with the Province of Saskatchewan.

As we look to the future, we will continue to focus on achieving the strategic priorities we have outlined for our stakeholders in this report. We are committed to investing in our people, expanding our knowledge base and engaging with our customers.

I want to take this opportunity to thank the entire TSASK team for your continued commitment to our organization. I extend a special acknowledgement to our Board of Directors who are providing stewardship and governance leadership. To all our stakeholders, thank you for your ongoing support. We look forward to serving you as we strive to inspire and shape excellence in public safety.

Sincerely,

William J. Scott, CEO

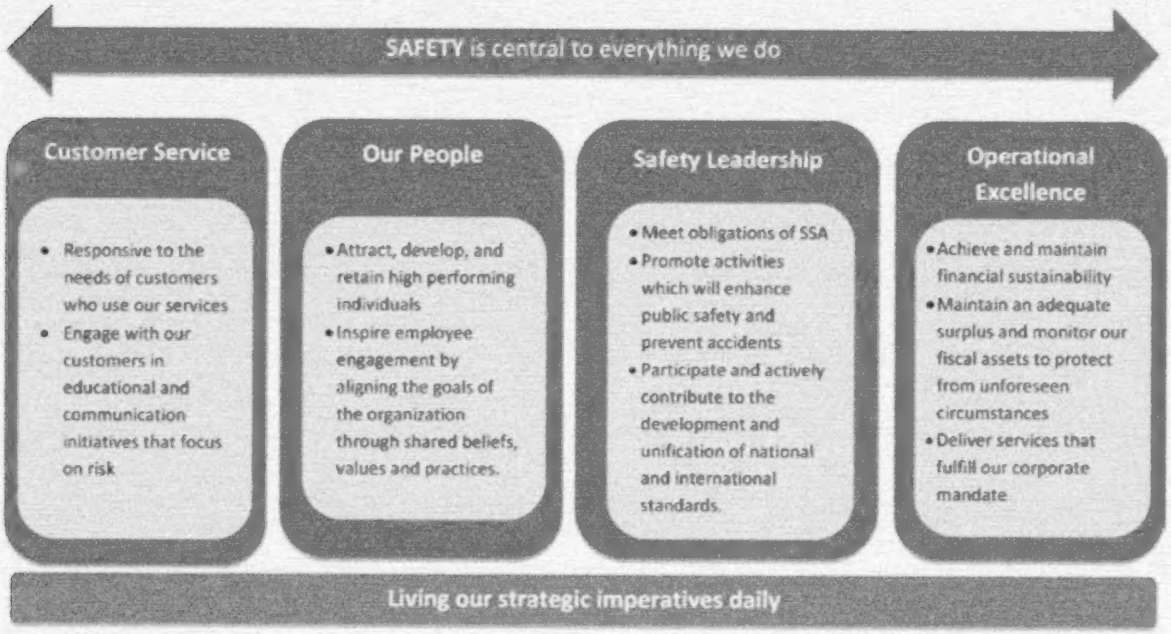
Technical Safety Authority of Saskatchewan

Inspiring and Shaping Excellence in Public Safety

Strategic Priorities

During 2013-14, TSASK embarked on a comprehensive review of its goals, objectives and strategic priorities based upon our vision of "Inspiring and Shaping Excellence in Public Safety". Within this context, we have defined broad-based strategies for each line of business and specific action plans and measurements that will guide our actions over the next three years.

With safety being the core principle in everything we strive for, we re-defined our strategic map, identifying four strategic areas of focus.


SAFETY is central to everything we do
Customer Service
• Responsive to the needs of customers who use our services
• Engage with our customers in educational and communication initiatives that focus on risk
Our People
• Attract, develop, and retain high performing individuals
• Inspire employee engagement by aligning the goals of the organization through shared beliefs, values and practices.
Safety Leadership
• Meet obligations of SSA
• Promote activities which will enhance public safety and prevent accidents
• Participate and actively contribute to the development and unification of national and international standards.
Operational Excellence
• Achieve and maintain financial sustainability
• Maintain an adequate surplus and monitor our fiscal assets to protect from unforeseen circumstances
• Deliver services that fulfill our corporate mandate
Living our strategic imperatives daily

CUSTOMER SERVICE

Collaboration with our customers is a key element in continuing to provide professional safety, education and regulatory services that meet expectations while enhancing our public safety systems to broader industry. Engagement, communication and measurement are important strategic tools that help TSASK respond to the needs of our customer base.

Accomplishments	*Future Focus*
TSASK uses customer surveys and daily customer contact to improve the experience, quality and efficiency of what we do and to monitor our progress. We recently undertook a website review and update to make this tool more useful to customers and easier to navigate. We also conduct ongoing process reviews related to all aspects of our business in a collaborative manner to align our services with customer expectations.	In the fall of 2014, it is TSASK's intention to conduct a broadly based customer survey that will serve as a benchmark for future assessments. As we move forward, we also intend to enhance our key accounts representation program and expand service options within the new website.

OUR PEOPLE

TSASK is committed to attracting, developing and retaining high performing individuals. A culture of engagement and teamwork aligns our goals and improves retention through shared beliefs, values and practices. Given the highly technical nature of our business, investing in our people is a core requirement to ensure we achieve our long term goals and meet our obligations under the Safety Standards Agreement.

Accomplishments	*Future Focus*
We invested significant time and effort in our human resource practices - improving hiring processes, including implementing selection criteria and testing, which enabled us to fill vacant positions with quality individuals. A slate of human resource policies were rolled out to address workplace expectations and we have enhanced employee development opportunities through improved staff training. We also initiated broad based management meetings to enhance communication throughout the organization. The success of this work was evidenced through results of our first-ever employee engagement survey, which yielded both a high level of participation & exceptional ratings.	Going forward, we will build momentum by developing mentorship and succession plans at all levels throughout the organization, implementing more cross-functional training to increase organization depth and knowledge. At the same time, we will continue to standardize and streamline our work processes. Finally, it is our intent to implement an employee wellness program to enhance individual wellness and work experience, while building team spirit and commitment.

SAFETY LEADERSHIP

Public safety is a the core of TSASK's mandate. We are committed to delivering efficient, high quality service to enhance public safety and establish our leadership position by proactively participating and contributing to the development of national and international standards.

Accomplishments	Future Focus
TSASK actively supported this year's review by the Provincial Auditor of our inspection of boilers and pressure vessels programs, which found we had effective processes in place. Recommendations from that report were consistent with our planned future objectives. Two of our most important projects were the development of a risk mitigation strategy and enhancements to the quality of our reporting, which will serve to improve decision-making with respect to risk identification and associated allocation. We also conducted a review and update of our internal inspection manual and developed the framework and basis for an internal safety manual for our employees. We continue our leadership work through active participations with associations and organizations inside and outside of the Province.	Internally, our future work will include advancing our risk mitigation strategies throughout the organization, eliminating outstanding inspections, developing follow-up actions for incident investigations and implementing an internal quality management system. Externally, it is our intent to continue to expand Quality Management Systems for boiler and pressure vessels, advance safety education for our stakeholders, and engage with national and international bodies on policy development in order to benchmark TSASK's progress to other jurisdictions. Finally, we will review regulations based on our knowledge of existing best practices and future requirements. We will recommend enhancements to Government, to position Saskatchewan and TSASK as a leading safety authority.

OPERATIONAL EXCELLENCE

Continuous improvement is essential if we are to deliver efficient, effective and timely service while maintaining financial stability for the organization and rate stability for our customers, regardless of the level of economic activity in the Province. We are committed to maintaining an adequate surplus to ensure we can fulfill our corporate mandate and protect our fiscal assets from unforeseen circumstances.

Accomplishments	Future Focus
TSASK retained expertise to guide our efforts to improve our use of technology and have introduced new technologies to help generate additional internal efficiencies. We have implemented a continuous improvement process organizationally, focused on cost and productivity improvements and put in place reporting processes to track our progress. TSASK also restricted $600,000 this year in a reserve. We are now in a position to cover operating costs for a four month period, consistent with the Safety Standards Agreement we have with the Province of Saskatchewan.	We will continue to drive efficiencies and a culture of accountability with respect to our cost structure. We will be launching a technology solution for inspections that will allow in-field reporting, eliminating significant paper-based reporting and providing real-time information with better management and data analytics so that we are able to allocate resources to equipment with a higher risk profile.

Management's Discussion of Financial and Operational Performance

The purpose of Management's Discussion of Financial and Operational Performance is to enhance our stakeholders' understanding of the industry trends that drive our priorities as an organization. It is also to provide financial and operational context to support the disclosures contained in the 2013-14 Audited Financial Statements.

CORPORATE OVERVIEW

TSASK is a private not-for-profit organization that was established by the Government of Saskatchewan on July 1, 2010 under the *Technical Safety Authority of Saskatchewan Act*. Our mandate is to deliver safety programs related to pressure equipment, elevating devices and amusement rides. We deliver registration, inspection, certification and licensing programs and services on behalf of the Government, to a variety of customers and industries, including the resource and construction sectors and its trades people, such as welders, as well as existing organizations that operate boiler and pressure vessel or elevator equipment (schools, daycares, hospitals, etc). As such, we play a vital role that contributes to the sustainability, viability, and growth of the Saskatchewan economy.

TSASK operates at arms length from the provincial Government on a fee-for-service basis. Three provincial Acts govern our services.

- *The Boiler and Pressure Vessel Act, 1999;*
- *The Passenger and Freight Elevator Act, 2010; and*
- *The Amusement Ride Safety Act.*

The Ministry of Government Relations is responsible for the legislative and regulatory requirements governing the safe operation of boilers, pressure vessels, elevators and amusement rides. On a broader basis, the provincial Government is responsible overall for establishing safety standards, policies and regulatory requirements related to public safety.

TSASK's professional team provides a full range of programs and services including:

- Licences and permits;
- Assessment of regulated equipment design;
- Oversight of fabrication and installation of regulated equipment;
- Assessment and certification of knowledge and quality practices within registered organizations;
- Testing, certification and licensing of industry personnel;
- Inspection of regulated equipment;
- Education and information for industry;
- Contribution to the advancement of safety standards;

- Enforcement of standards and legislation; and
- Investigation of reported incidents.

These services are provided to individuals and organizations that design, manufacture, install, operate or own any equipment that falls within our area of responsibility.

TSASK's operational performance and priorities are largely driven by the continued maintenance of existing systems and processes, together with industrial growth. For the last number of years, there has been substantial growth fueled by economic expansion in the Province.

FISCAL 2013-14 REVIEW OF FINANCIAL PERFORMANCE

Fiscal 2013-14 was another good year for our organization. Our strong revenue stream reflects the significant provincial economic activity that we have experienced in Saskatchewan during the period. And while economic growth is a key contributor to TSASK's revenue base, it is important to note that our primary stream of revenue is derived from licensing of boilers and pressure vessels, which are largely stationary items that are well insulated from economic slowdown.

From a revenue recognition and cash flow perspective, our fees from licensing are collected in advance and are recognized as revenue over a one to five year period, depending on the licence. This means that we have a core base of stable, dependable revenue should economic development slow in the Province.

Revenues for 2013-14 were $9.218 million, up 18.6% from the $7.772 million we earned last year. Each of our primary businesses, being boiler and pressure vessel safety, elevator safety and amusement ride safety, posted improved performance year-over-year.

EXPENSES

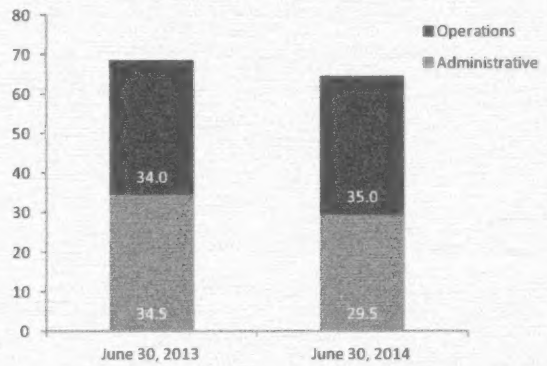
TSASK's expenses for 2013-14 were $7.997 million, an increase of $304,415 or approximately 4.0% from last year with the primary variance reflecting rent and equipment expenses, which increased $248,387 or 40.3% over last year. TSASK's new office location in Regina, which provides better access for our customers and an improved atmosphere for our staff, coupled with additional rental costs associated with increased testing for welders, were the main factors impacting this year's results.

TSASK's equipment lease costs were higher in fiscal 2013-14, due in part to an increase in the quantity of services the leasing company provides. We also experienced higher equipment lease and subscription fee costs associated with the new enterprise software for inspections that is being implemented.

Amortization in 2013-14 increased by $132,912, reflecting leaseholds on the Regina building being amortized for the full year.

Salaries and benefits were up approximately $46,000 from the previous year reflecting the hiring of additional technical expertise, offset somewhat by a reduction in administrative salaries and benefits.

Full Time Equivalent Count by Area



All of these expenses were partially offset by a decrease of $120,000 in legal, accounting and consulting services. Many projects that were previously outsourced are now being handled internally.

CAPITAL EXPENDITURES

Throughout the year, TSASK has continued to invest in our enterprise software for inspections. The first module of this system will be implemented within the first quarter of 2014-15. Total capital expenditures for the year are $270,000 with approximately 95% associated with the new inspections software.

NET ASSETS

TSASK's total net asset position was $3.6 million as of June 30, 2014. It is comprised of an investment in capital assets, a capital and operating reserve, as well as an externally restricted reserve. The externally restricted reserve is in place as defined under the Safety Standards Agreement with Government. The Board has restricted $600,000 for 2013-14 for this purpose. The capital reserve and the operating reserve are internally restricted funds that will be used by management to improve the customer-driven safety systems of TSASK.

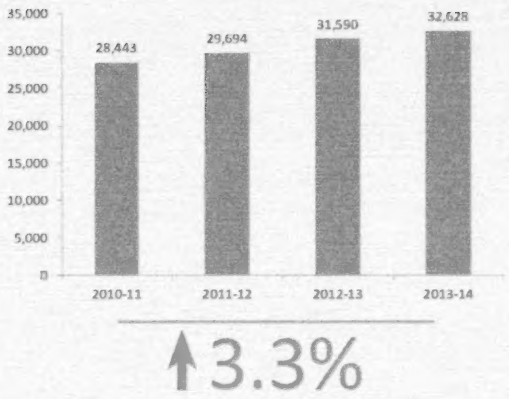
INVENTORIES OF REGULATED EQUIPMENT

TSASK is responsible for inspecting and regulating licenced pressure equipment, licenced elevating device inventory and amusement rides.

The number of licenced pressure equipment items for fiscal 2013-14 totaled 32,628 a net increase of 1,038 or 3.3% from 2012-13, primarily reflecting growth in the oil and gas industry, which resulted in the addition of new gas plants and oil well testing vessels.

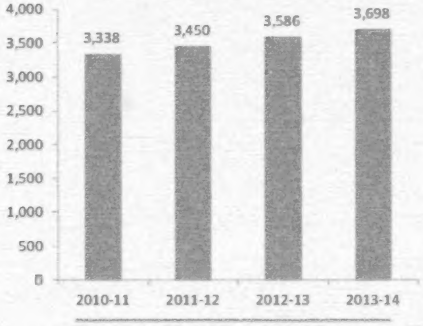
Licenced elevating device inventory includes passenger and freight elevators, dumbwaiters, lifts for the physically disabled, construction personnel lifts, and ski lifts. In 2012-13, there were 3,586 units in

Licenced Pressure Equipment



↑3.3%

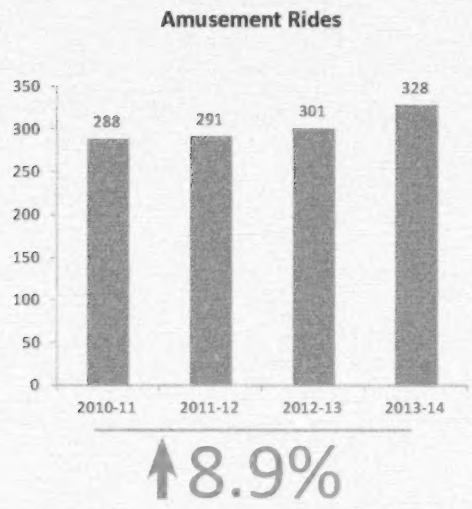
Licenced Elevating Devices



↑3.1%

Saskatchewan, an increase of 3.9% or 136 units compared to the prior year. In 2013-14, the number of units within the Province continued to grow to 3,698, an increase of 3.1%, illustrating strong economic activity in Saskatchewan in the mining, residential and commercial sectors.

The number of amusement rides that were licensed to operate in Saskatchewan during 2013-14 was 328 compared to 301 rides last year, up approximately 8.9% year-over-year, primarily the result of the addition of recreational inflatable structures.



QUALITY MANAGEMENT SYSTEMS

Quality Management Systems (QMS) are available to companies who are able to illustrate their commitment to safety to increase internal accountability and quality control. Owners or insurers of pressure equipment establish a documented inspection program. The owners, which are primarily larger customers, employ their own qualified inspection personnel who are required to perform recognized periodic inspections on equipment they own or insure. TSASK approves and audits the program to ensure compliance.

TSASK remains committed to educating the industry on the benefits of developing a QMS program. There are nine companies, or 21.0% of licensed provincial inventory operating under a QMS. There are also a number of QMS applications currently under review.

INSPECTION SERVICES

Inspection services are integral to TSASK's mandate to ensure that effective and efficient safety programs are in place to support the growth of the provincial economy and continued compliance by various Saskatchewan industry participants who are contributing to the Province.

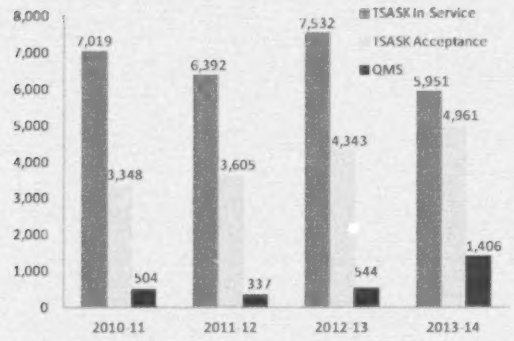
The following table illustrates TSASK's inspection services relative to the prior fiscal year:

	2012-13 Actual	2013-14 Actual	% Increase/ Decrease
In-service pressure equipment	7,532	5,951	(20.9%)
Pressure equipment installation accept-ances	4,343	4,961	14.2%
Quality Management System Inspections	544	1,406	158.5%
In-service elevating devices	2,595	2,368	(8.7%)
Elevating device modification, moderni-zation, and installation acceptances	344	248	(27.9%)
Amusement ride initial set-ups	290	339	16.8%

It is important to note that annual inspections are not required on all pressure equipment. We conduct periodic inspections to determine the condition of the equipment and its fitness to continue to operate safely, considering the operating conditions and environment. Inspection frequencies vary between one and five years, consistent with accepted regulatory practices.

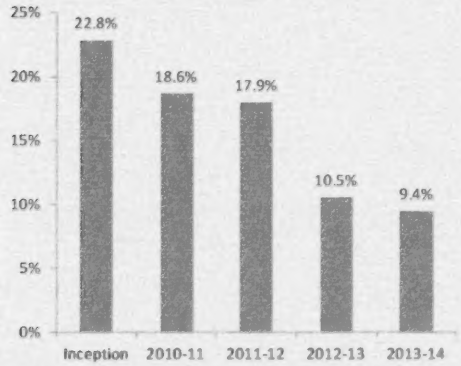
While the total number of in-service and installation acceptance inspections performed by TSASK's National Board of Boiler and Pressure Vessel Inspectors decreased by 8.1% year over year, the ratio of inspections to inventory remained within the 33% to 38% range being achieved since TSASK's inception. A significantly higher proportion of installation acceptance inspections were performed that includes acceptance of repairs and alterations to in-service equipment. The number of inspections performed by companies operating under a certified QMS increased by over 150% to 1,406.

TSASK & QMS Boiler & Pressure Vessel Inspections



TSASK has been successful in reducing the number of outstanding inspections that are six months or more past the standard inspection frequency by approximately 56.3% since the establishment of the company as a stand-alone organization. TSASK has reduced the outstanding inspection count from 22.8% of licensed inventory at its inception to 9.4% after four years.

Outstanding Inspections

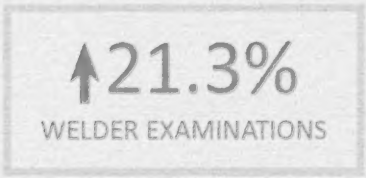


Compared to 2012-13, elevating device inspections decreased by 8.7% to 2,368 completed in-service inspections. Partially due to an increase in demand for acceptance inspections, which require more time, 248 inspections were performed on new installations or major modifications. Similar to pressure equipment, it is not required that all elevating devices receive an annual inspection. However, the percentage is significantly higher, as elevators operate in an environment of higher mechanical wear and tear due to the cyclical nature of their operations. In 2013-14, 70.7% of all elevating devices received an inspection, which compares to 82.0% and 75.6% respectively in the prior two years.

All amusement rides that are operated in the Province are inspected annually, and TSASK has again performed to this high standard.

PRESSURE EQUIPMENT COMPETENCY CERTIFICATIONS

In addition to administering inspection services, TSASK provides programs to ensure companies and people responsible for pressure equipment meet minimum competency standards. In 2013-14, TSASK issued 103 Certificates of Authorization to companies having demonstrated quality control systems for the installation, repair, alteration and/or manufacture of pressure equipment. These certificates are valid for three year periods before mandatory review and re-certification. There are 338 current valid Certificates of Authorization. These companies were further supported by the 2,777 licenses issued to pressure welders. TSASK administered 1,329 physical demonstration and examination tests of welders, an increase of 21.3%, and assessed qualifications held by welders from other provinces and authorized testing companies.



DESIGN SURVEY

TSASK reviews designs for pressure equipment and elevating devices that are to be operated in Saskatchewan to determine that the design complies with provincial legislation and relevant codes and standards. In fiscal 2013-14, 1,847 pressure equipment designs were reviewed and registered, compared to 1,779 the previous year. In addition, 199 elevating device plans were registered during the year, which was similar to the previous year. TSASK introduced new service level options in 2012-13 in an effort to create options for urgent reviews to be completed while efforts continue to reduce wait times. While the new service levels have been well received, we have also added capacity to this area of practice to further reduce turnaround.

↑3.8%
PRESSURE EQUIPMENT DESIGN REVIEWS

POWER ENGINEERING

There are 11,519 valid power engineering licences in Saskatchewan for the operation of boilers and refrigeration plants operating in the Province, similar to previous years. Power engineering licences are renewed every five years, and this year TSASK processed 3,124 renewals which compares to 2,736 last year. In addition, TSASK conducted 3,442 examinations for people working towards a new or upgraded certificate level.

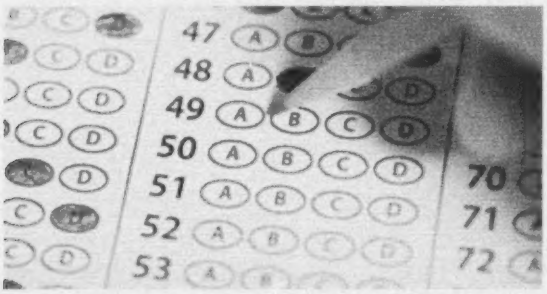
↑7.2%
POWER ENGINEERING EXAMINATIONS

TSASK actively participates with a national committee that has standardized an examination question bank and examination policy. This allows for the recognition of a power engineer's certification by other provinces. TSASK administers the third most standardized exams in the country, exceeded only by Alberta and Ontario.

In addition to conducting examinations, TSASK has also undertaken a role in the promotion of power engineering as a career. The lack of skilled operators has been a limiting issue for industry. This has presented an opportunity to become involved in a program that is now being recognized and promoted. This program trains Saskatchewan youth to become skilled in this highly sought after profession. TSASK has actively engaged with various stakeholders to promote awareness, knowledge and certification where possible.

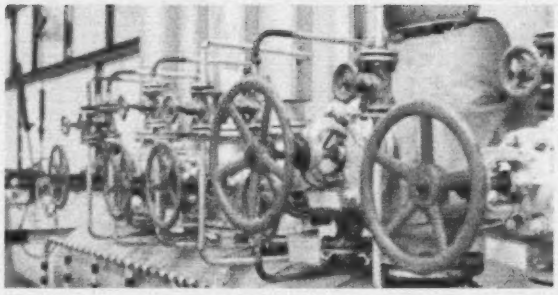
ACCIDENTS AND INCIDENTS

TSASK is pleased to report that there were no fatalities or serious injuries associated with the failure of equipment. In total, there were 20 incidents reported to TSASK during the 2013-14 program year, which is down from 24 incidents the previous year. There were



TSASK administers the third most standardized exams in the country, exceeded only by Alberta and Ontario.

Membership in the Saskatchewan Integrity Association has grown to 20 member companies, representing 30% of licensed pressure equipment in the Province.



seven boiler and pressure vessel incidents (10 in fiscal 2013), 11 elevator incidents (compared to 13 last year) and two amusement ride incidents, one of which was for the prior year program period. All reported incidents were investigated for cause. A determination was then made with respect to the need for targeted or general industry awareness or corrective actions.

↓16.6%
ACCIDENTS / INCIDENTS

TSASK also participated in one investigation as a partner with the Government of Canada as it pertained to pressure equipment inspected by TSASK for the Federal Government through a Memorandum of Understanding. Federal Government equipment is regulated by federal legislation.

APPEALS

The Boiler and Pressure Vessel Safety Board, an initiative established within the *Boiler and Pressure Vessel Act, 1999*, hears appeals against the decisions of the Chief Inspector. The Board has the authority to review decisions related to the cancellation or suspension of a licence, the refusal to register or deregister a design and the cancellation or suspension of an Inspection Certificate, a Certificate of Authorization, or a Certificate of Qualification.

There were no appeals received by the Boiler and Pressure Vessel Safety Board in 2013-14. The lack of appeals received is due to a concerted effort to ensure that all program decisions are made in accordance with the legislation, regulations and public policies and procedures.

STATUS OF ACTS AND REGULATIONS

Although TSASK operates at arm's length from the provincial Government, the Ministry of Government Relations remains responsible for the establishment of public policy as well as the maintenance and amendment of all associated Acts and Regulations.

In 2013-14, TSASK began initial consultations with traction engine boiler associations and enthusiasts regarding effective regulation and policy. It is our intent to advance this work to other associations in an effort to take a more active role in the development of recommendations for legislative and regulatory amendments in all three assigned technologies.

SASKATCHEWAN INTEGRITY ASSOCIATION

TSASK was integral in the creation, and is supportive of, the ongoing operation of a new industry association, the Saskatchewan Integrity Association (SIA). SIA is an owner association of pressure equipment inspectors and company integrity management inspectors focused on continuously improving and optimizing safety, reliability and integrity of pressure equipment within Saskatchewan facilities. Over the past year, membership has grown from the original five founding members to

20 member companies. This represents 30% of licensed pressure equipment in the Province. SIA has approved a constitution, has defined their membership criteria and has received a strong endorsement from the Ministry of Government Relations, recognizing the organization as a progressive step for industry and regulator relationships and communication.

PARTICIPATION IN THE STANDARD DEVELOPMENT PROCESS AND LIAISON WITH INDUSTRY AND OTHER REGULATORS

TSASK continues to contribute to and participate in national and international standards development. As members of the Canadian Standards Association (CSA), the National Board of Boiler and Pressure Vessel Inspectors (NBBI) and the American Society of Mechanical Engineers (ASME), TSASK personnel continue to participate on the following technical committees related to codes and standards adopted under provincial legislation:

- CSA B51 - Boiler, Pressure Vessel and Pressure Piping Code;
- CSA B52 - Mechanical Refrigeration Code
- CSA B44 - Elevating Devices;
- ASME Boiler and Pressure Vessel Code - pressure vessel, non-destructive examination, and welding committees;
- Association of Chief Boiler and Pressure Vessel Inspectors (ACI);
- Association of Provincial Chief Elevator Inspectors (APCEI);
- Standardization of Power Engineers Examinations Committee (SOPEEC).

TSASK is also committed to ensuring that it maintains effective liaisons with other regulators and industry by attending and participating in the following associations and committees:

- Saskatchewan Integrity Association (SIA);
- Upstream Chief Inspectors Association (UCIA);
- International Pressure Equipment Integrity Association (IPEIA);
- Saskatchewan Power Engineers Technology Program Advisory Committee.

PUBLIC EDUCATION AND INFORMATION SESSIONS

As a means to identify and meet the needs of those that have an interest in our public safety systems, TSASK continues to develop and deliver public education and information systems.

We once again sponsored and presented at the International Pressure Equipment Integrity Association meetings. Additionally, TSASK has continued the practice of delivering a presentation on legislation and how it affects the certification and licensing of power engineers as part of every entry level limited power engineering examination.

We conducted a complete revamp of our website, adding smart-phone friendly capabilities and on-line payment options.

OPERATIONAL INITIATIVES

Given the very technical nature of the work that TSASK performs and the demand for our services, which is primarily driven by economic growth, it had been difficult for TSASK to add capacity with respect to inspection expertise. In 2013-14, we implemented a new salary structure to allow us to be competitive in the market. As a result, we have seen a high level of interest and have been successful in attracting highly qualified candidates.

Fiscal 2014 had its own set of operational challenges as we attempted to balance the demands of increases in equipment growth while maintaining a focus on scheduled inspections. We targeted additional resources to improve workplace safety and were required to re-deploy experienced staff to a special investigative project for an extended period. In response, the company added to its operational capacity. TSASK was successful in recruiting four new inspectors during the year without increasing total headcount. In part, these efforts allowed us to fill existing vacancies. The benefit of these efforts will be realized in future years as these individuals become fully engaged in TSASK's culture and strategic priorities.

A focus on enhancing the customer experience was, and will continue to be, a key strategic priority for the organization. During fiscal 2014, we undertook a broadly based process review with our customers in anticipation of our transition to our new enterprise software for inspections. The results of these reviews have been embedded into our ongoing service delivery model.

We conducted a complete revamp of our website, adding smart-phone friendly capabilities and on-line payment options. The response from our customer base has been overwhelmingly positive.

We continued to employ customer surveys and other communication vehicles that provide TSASK with important information to help us shape our programs and services in a responsive and collaborative manner.

RISK MANAGEMENT

Development of a comprehensive risk management program is another very important strategic priority for TSASK as it provides the strategic basis and operational framework for all that we do. Our new enterprise software for inspections will include a risk identification system. Once implemented, the program will allow us to evaluate and record equipment risk and assign a risk priority number (RPN) for each piece of equipment. We will determine the risk, based on the calculation of three criteria:

1. Probability - probability that the equipment could fail, using variables such as condition and design;
2. Severity - consequences if the equipment were to fail, based on variables such as location and dependence of other processes on the equipment; and
3. Detection - the effectiveness of processes and controls that could detect a problem before failure occurs.

By applying the RPN scores on equipment, TSASK will be able to categorize and query equipment by risk, allowing TSASK to take action and deploy resources accordingly. In addition, the new system will enhance operational decision-making and provide valuable statistics and data that were not previously available.

2013-14 Board of Directors

Message from the Chair

As Chair of the Board of Directors of the Technical Safety Authority of Saskatchewan, it is my pleasure to present TSASK's Board of Directors.

Our Board members possess a broad set of expertise and knowledge in the areas of financial management, business development, environmental health and safety, governance best practices and regulatory compliance.

With well established Board practices, our Directors have been focused on supporting management through a year that has challenged our organization to respond to significant demand for our services, while enhancing the customer experience, strengthening internal processes and competencies and building upon the unique technical expertise required to deliver on our mandate.

It has been a year of cultural change, expanded focus and long term strategic thinking. I would like to personally acknowledge Bill Scott our CEO for his leadership. And to the entire TSASK team, on behalf of the Board of Directors, thank you for your efforts.

To our Board of Directors, thank you for your commitment to TSASK and for your continued support in advancing our strategic direction for the benefit of our Saskatchewan customers. I look forward to working with all of you as we strive to inspire and shape excellence in public safety.

Robert Watt

Bob Watt , Chair of the Board

From left to right: Robert Schutzman, Shara Mccormick (Vice-Chair), Ken From, Peter Hoffmann, Keith Laxdal, Ted Hillstead, Robert Watt (Chair). Absent from photo: Michael Dumelie.

Michael Dumelie

Member: Human Resources Committee

Michael Dumelie is a partner in Oxford Libero Consulting, a company he established in 2009. He is also an owner of Exeter Developments and Exeter Construction and a partner with Green Growth Capital. Prior to that he was a Senior Vice President of Business Solutions and a Director of Information Technology for CUETS/Bank of America from 2001 to 2008. He was a Director of Information Management at Saskatchewan Environment and Resource Management from 1998 to 2001, and from 1994 to 1998 Director of Information and Finance and Administration for Saskatchewan Health.

Dumelie has served on the Mayor's Economic Development Committee in Regina. He has been involved with the Certified Management Accountants organization at the local, provincial and national level, and is active in coaching local and high-performing hockey teams. He lives in Regina.

Ken From

Member: Human Resources Committee

Ken is a Professional Engineer who has spent over a decade involved in the public safety aspect of engineering, including serving as the CEO of TSASK from 2010 to 2012. Currently the CEO of the Petroleum Technology Research Centre, Ken was previously involved in two junior oil companies operating in Saskatchewan. In addition, with 26 years at SaskEnergy Ken served in a variety of roles including Senior VP of Gas Supply and Business Development.

Ken brings many years of corporate and board experience in both the private and public sectors. He lives in Regina.

Ted Hillstead

Chair: Audit & Finance Committee

Ted Hillstead is currently a Senior Partner with Dillon Hillstead Melanson C.G.A. Professional Corporation and Cogent Business Consulting, a position he has held since 1994. He was Dean of Operations for Southeast Regional College from 1990 to 1997, and Coordinator for US Financial Accounting at Evraz Inc., from 1985 to 1990.

Hillstead served as President of the Saskatchewan Chamber of Commerce from 2004 to 2005. He has been a Director of the Weyburn Cooperative Association for the past 11 years, and is the Past Chair of the Board of CAA Saskatchewan. He lives in Weyburn.

Peter Hoffmann

Member: Audit & Finance Committee

Peter Hoffmann was Director of Corporate Development for the Saskatchewan Public Employees Benefits Agency from 2003 until 2008. Previous to that he served in senior positions with the Saskatchewan Housing Corporation, including as President and CEO of SHC from 1999 to 2001. He began his career with Saskatchewan Government Insurance in 1974.

In recent years Hoffmann has served as Chair and Past Chair of the Campion College Board of Regents and on the Board of Ranch Ehrlo Community Services Inc. He lives in Regina.

Keith Laxdal

Member: Human Resources Committee

Keith Laxdal has served as Chairperson of the Automobile Injury Appeal Commission since December 2009. Prior to that he was Associate Deputy Minister, Finance and Administration Division for Saskatchewan Justice from 1990 to 2008, Associate Deputy Minister,

Saskatchewan Finance from 1987 to 1990 and Deputy Minister, Saskatchewan Revenue and Financial Services from 1984 to 1987. Laxdal began his career with the Budget Bureau in Saskatchewan Finance in 1967.

Laxdal's community involvement includes 17 years as a member of the Board of the Credit Union Deposit Guarantee Corporation, as well as serving on the Saskatchewan Film Classification Board and the South Saskatchewan Hospital Board. He lives in Regina.

Shara Mccormick

Chair: Human Resources Committee
Vice-Chair: Board of Directors

Shara McCormick is Senior Director of Human Resouces and Corporate Services at SaskTel, responsible for human resource strategic planning and development and corporate asset management. McCormick has also been a Sessional Lecturer at the University of Regina. She lives in Regina.

Robert Schutzman

Member: Audit & Finance Committee

Bob Schutzman is the Director of Environmental Affairs for Canada for EVRAZ Inc. NA Canada, a Canada-wide, multi-plant management role he has filled since 1998, and during which time he was also EVRAZ's Canadian Director of Trade for five years. Previously, Schutzman held various positions with IPSCO Inc., was a regulator in the Water Quality Branch of Saskatchewan Environment and Public Safety from 1985 to 1990, an environmental engineer for the Potash Corporation of Saskatchewan from 1980 to 1985, and held various engineering positions back to 1970.

Schutzman has been involved in a number of community and professional boards focused on environmental issues. He was a Founding Director and past Chair of the Saskatchewan Environmental Industry and Managers Association and was also Chair of TSASK. He lives in Regina.

Robert Watt

Chair: Board of Directors
Ex-Officio: Human Resources Committee
Member: Audit & Finance Committee

Bob Watt recently retired as a partner with Deloitte and Touche. During his career he managed the delivery of client services to a number of major companies in Saskatchewan and nationally. As a result, Bob brings a particularly strong background in client service, as well as broad experience in management and corporate leadership.

Bob has also been a leader in community organizations in health and education, and holds board positions with the Law Foundation of Saskatchewan and is the Chair of the Audit Committee of the Western Surety Board. He holds an Honours Business Administration degree from the Richard Ivey School of Business, University of Western Ontario, and earned his Chartered Accountant designation in both Ontario and Saskatchewan, becoming a Fellow Chartered Accountant in 1997. Bob recently received the Distinguished Community Service Award of the Institute of Chartered Accountants of Saskatchewan. He lives in Regina.

Management's Responsibility for the Financial Statements

To the Board of Directors:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit and Finance Committee are composed entirely of Directors who are neither management nor employees of Technical Safety Authority of Saskatchewan ("TSASK"). The Audit and Finance Committee is responsible for overseeing management in the performance of its financial reporting responsibilities, and for recommending approval of the financial statements to the Board. The Audit and Finance Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit and Finance Committee is also responsible for recommending the appointment of the Authority's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Board of Directors to audit the financial statements and report directly to the Board; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

September 11, 2014

Chief Executive Officer

Vice President, Corporate Services

Independent Auditor's Report

To the Directors of Technical Safety Authority of Saskatchewan:

We have audited the accompanying financial statements of Technical Safety Authority of Saskatchewan ("TSASK"), which comprise of the statement of financial position as at June 30, 2014, and the statements of operations and changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TSASK as at June 30, 2014 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

MNP LLP

Chartered Accountants

Regina, Saskatchewan
September 11, 2014

Financial Statements

Technical Safety Authority of Saskatchewan
Statement of Financial Position - as of June 30, 2014

		2014		2013
ASSETS				
Current Assets				
Cash	$	4,606,410	$	3,590,204
Accounts receivable (note 3)		383,773		730,909
Prepaid expenses		35,801		38,108
Short term investments (note 4)		850,509		-
		5,876,493		4,359,221
Long term investments (note 4)		500,127		-
Tangible capital assets (note 5)		1,102,674		1,234,137
Intangible assets (note 6)		658,710		402,184
	$	8,138,004	$	5,995,542
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued liabilities (note 8)	$	798,535	$	702,969
Deferred revenue (note 9)		2,567,278		1,896,487
Deferred tenant allowance (note 10)		31,383		30,905
	$	3,397,196	$	2,630,361
Deferred revenue (note 9)		915,557		732,531
Deferred tenant allowance (note 10)		245,837		272,991
	$	4,558,590	$	3,635,883
Net Assets (note 11)				
Invested in capital assets	$	1,761,384	$	1,636,321
Externally restricted - safety standards agreement		600,000		1,200,000
Capital reserve		400,000		-
Operating reserve		818,030		(476,662)
		3,579,414		2,359,659
	$	8,138,004	$	5,995,542

Commitments (note 12)

See accompanying notes to the financial statements.

Approved by the Board:

Director

Director

Financial Statements

Technical Safety Authority of Saskatchewan
Statement of Operations and Changes in Net Assets - for the year ended June 30, 2014

	2014	2013
REVENUES		
Boiler and pressure vessel safety	$ 7,855,782	$ 6,649,674
Elevator safety	1,255,218	1,025,667
Amusement ride safety	45,827	39,911
Other	60,740	56,484
	9,217,567	7,771,736
EXPENSES		
Salaries and benefits	$ 5,711,126	$ 5,665,623
Legal, accounting and other services	212,210	332,626
Rent, space and equipment	864,396	616,009
Travel	448,732	457,430
Administrative	259,920	262,248
Board and committees	88,046	104,447
Other business expenses	268,444	242,990
Amortization	144,938	12,026
	7,997,812	7,693,399
EXCESS OF REVENUE OVER EXPENSES	**$ 1,219,755**	**78,337**
Net Assets, beginning of year	2,359,659	2,281,322
NET ASSETS, END OF YEAR	**$ 3,579,414**	**$ 2,359,659**

Financial Statements

Technical Safety Authority of Saskatchewan
Statement of Cash Flows - for the year ended June 30, 2014

		2014		2013
CASH FLOWS FROM (USED IN)				
OPERATING ACTIVITIES				
Excess of revenue over expenses	$	1,219,755	$	78,337
Items not affecting cash				
Amortization of tangible capital assets		144,938		12,026
Amortization of tenant allowance		(31,543)		(10,303)
		1,333,150		80,060
Net change in non-cash working capital				
Accounts receivables		347,136		(479,396)
Prepaid expenses		2,307		(25,764)
Accounts payable and accrued liabilities		95,567		4,952
Deferred revenue		853,817		702,762
Deferred tenant allowance		4,867		314,199
		2,636,844		596,813
INVESTING ACTIVITIES				
Additions to tangible capital assets		(13,476)		(1,246,163)
Additions to intangible assets		(256,526)		(287,439)
Purchase of investments		(1,350,636)		-
		(1,620,638)		(1,533,602)
INCREASE (DECREASE) IN CASH		**1,016,206**		**(936,789)**
CASH, BEGINNING OF THE YEAR		3,590,204		4,526,993
CASH, END OF YEAR	$	**4,606,410**	$	**3,590,204**

Notes to the Financial Statements

1. NATURE OF BUSINESS

The Technical Safety Authority of Saskatchewan (TSASK) is a not-for-profit organization which was established effective July 1, 2010 through the passing of The Technical Safety Authority of Saskatchewan Act (the "Act"). TSASK was created from the Licensing and Inspections Branch of the Ministry of Corrections, Public Safety and Policing (now the Ministry of Justice), with a mandate of delivering safety programs related to pressure equipment, elevating devices and amusement rides.

TSASK's registration, inspection, certification and licensing programs and services operate on a fee-for-service basis. These fees are charged to the sectors involved in the manufacturing, installing and operating of technical equipment. TSASK entered into the Safety Standards Agreement with the Government of Saskatchewan to establish the rights and responsibilities of the parties and the terms and conditions for the delegation to TSASK of the administration of the safety statutes in accordance with the Act.

TSASK administers and enforces the following legislated safety statutes:

- The Boiler and Pressure Vessel Act, 1999
- The Passenger and Freight Elevator Act
- The Amusement Ride Safety Act

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

TSASK's financial statements are prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

(b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. In particular, accounts receivables are stated after an evaluation to determine collectibility is conducted and an appropriate allowance for doubtful accounts is provided where considered necessary. Estimates are also used to determine amortization which is based on the estimated useful lives of the assets. The percentage of completion of revenue is also estimated. Estimates are based on management's knowledge of current events and actions TSASK may undertake in the future. These estimates and assumptions are reviewed periodically and adjusted for as required.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

TSASK follows the deferral method of accounting for grant contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the expenses relating to the contribution are incurred.

When a fee covers a specific period, revenues are recognized evenly over that period. Unearned fees are recorded as deferred revenue. All other revenues are recorded when services are performed and are recorded on the accrual basis.

(d) Corporate Income Taxes

TSASK is incorporated as a not-for-profit organization and is exempt from federal and provincial income taxes.

(e) Cash

Cash is comprised of balances with the bank and is recognized at fair value.

(f) Accounts Receivable

Management evaluates collectability of customer receivables depending on the customer and the nature of the service provided. Collectability of receivables is reviewed and adjusted for as required. Account balances are provided for in excess of revenue over expenses when management determines that it is probable that the receivable will be collected.

(g) Investments

Investments consist of guaranteed investment certificates as well as term deposits and are carried at their fair market value. Investments expected to be realized beyond the next fiscal year are classified as long-term.

(h) Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization of property and equipment commences when it is brought in to service and is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	7 years
Leasehold improvements	term of the lease

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible Assets

Direct costs attributed to customizations of third party software are capitalized and are recorded at cost. Costs to support or service customized third party software are expensed in the period incurred. Amortization of software commences when it is brought in to service and is provided on a straight-line basis over the estimated useful life of the asset (3 - 5 years).

(j) Financial Asset Impairment

TSASK assesses impairment of all its financial assets measured at cost or amortized cost. TSASK groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty and/ or whether there has been a breach in contract, in determining whether objective evidence of impairment exists. Where there is an indication of impairment, TSASK determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, TSASK reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; and the amount that could be realized by selling the assets. Any impairment, which is not considered temporary, is included in current year earnings.

TSASK reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses.

(k) Deferred Tenant Allowance

Deferred tenant allowance includes amounts received in lease agreements related to leasehold improvements. Amortization of the deferred tenant allowance is recognized over the length of the lease on a straight-line basis.

(l) Financial Instruments

Financial instruments are recognized when TSASK becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value. Financial assets and liabilities originated and issued in related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada 3840 Related Party Transactions.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

At initial recognition, TSASK may irrevocably elect to subsequently measure any financial instrument at fair value. TSASK has elected to measure investments at fair value.

TSASK subsequently measures all other financial instruments at cost or amortized cost, except for investments which are carried at fair value.

(m) Net Assets

(i) Invested in capital assets

Net assets invested in capital assets of $1,761,384 (2013 - $1,636,321) represent the amount of net assets that are not available for other purposes due to investment in long term assets.

(ii) Externally restricted reserve - safety standards agreement

The Safety Standards Agreement requires TSASK to maintain adequate surplus to protect the organization from unforeseen circumstances that would affect the viability of TSASK. The Board of Directors has restricted $600,000 for this purpose.

(iii) Capital reserve

A capital reserve of $400,000 has been established by the Board of Directors to fund long-term investment projects, such as the modernization of facilities and information technology systems.

(iv) Operating reserve

The operating reserve represents all accumulated surplus. This amount can be used to fund future operating initiatives.

3. ACCOUNTS RECEIVABLE

		2014		2013
Trade	$	277,258	$	246,505
Other receivables		106,515		457,634
Goods and services tax receivable		-		26,770
	$	277,258	$	246,505

Notes to the Financial Statements

4. INVESTMENTS

(i) Short term investments consist of term deposits and guaranteed investment certificates of $850,509 (2013 - nil) with yields between 1.30% and 1.40%, maturing prior to December 19, 2014.

(ii) Long term investments consist of the following, maturing on June 26, 2017, at a rate of 1.55%:

	COST 2014	MARKET VALUE	COST 2013	MARKET VALUE
Guaranteed Investment Certificates	$ 500,000	$ 500,127	$ -	$ -

5. TANGIBLE CAPITAL ASSETS

	Cost 2014	Accumulated Amortization 2014	Cost 2013	Accumulated Amortization 2013
Furniture and equipment	$ 636,724	$ 215,609	$ 628,591	$ 145,748
Leasehold improvements	762,846	81,287	757,503	6,209
	1,399,570	$ 296,896	1,386,094	$ 151,957
Accumulated amortization	(296,896)		(151,957)	
Net book value	$ **1,102,674**		$ **1,234,137**	

6. INTANGIBLE ASSETS

	Cost 2014	Accumulated Amortization 2014	Cost 2013	Accumulated Amortization 2013
Software	$ 658,710	$ -	$ 402,184	$ -
Accumulated amortization	-		-	
Net book value	$ **658,710**		$ **402,184**	

The management information system software is being customized. Amortization will commence once the software is operational.

Notes to the Financial Statements

7. DEMAND OPERATING FACILITY AGREEMENT

TSASK has a Demand Operating Facility Agreement providing for a revolving line of credit for loans and overdrafts not to exceed $250,000. The interest rate is set at prime rate + 0.500% per annum. Bank Security under the agreement consists of a first charge to acquired personal property and guarantees. There were no amounts drawn down during the year (2013 – $nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables	$ 14,124	$ 47,850
Accrued liabilities	127,337	173,345
Employment insurance payable	5,569	6,801
Canada pension plan payable	13,197	15,473
Employee income tax payable	45,542	46,095
Payroll employer liabilities	589,906	413,174
Provincial sales tax payable	363	231
Goods and services tax payable	2,497	-
	$ 798,535	**$ 702,969**

9. DEFERRED REVENUE

	2014	2013
Deferred elevator licensing	$ 475,492	$ 426,677
Deferred operators licensing	1,701,992	1,336,236
Deferred boiler and pressure vessel licensing	1,305,351	866,105
Total deferred revenue	$ 3,482,835	$ 2,629,018
Current portion	**$ 2,567,278**	**$ 1,896,487**
Long term	**$ 915,557**	**$ 732,531**

Notes to the Financial Statements

10. DEFERRED TENANT ALLOWANCE

	2014	2013
Deferred tenant allowance, beginning of year	$ 303,896	$ -
Allowance received during the year	4,867	314,199
Amortization of tenant allowance	(31,543)	(10,303)
Deferred tenant allowance, end of year	$ 277,220	$ 303,896
Current portion	**$ 31,383**	**$ 30,905**
Long term	**$ 245,837**	**$ 272,991**

11. NET ASSETS

	Invested in Capital Assets	Operating Reserve	Externally Restricted Reserve	Capital Reserve	Total
Net assets, June 30, 2012	$ 114,745	$ 266,577	$ 1,200,000	$ 700,000	$ 2,281,322
Excess of revenue over expenses	-	78,337	-	-	78,337
Investment in tangible and intangible assets	1,521,576	(1,521,576)	-	-	-
Interfund transfers	-	700,000	-	(700,000)	-
Net assets, June 30, 2013	$ 1,636,321	$ (476,662)	$ 1,200,000	$ -	$ 2,359,659
Excess of revenue over expenses	-	1,219,755	-	-	1,219,755
Investment in tangible and intangible assets	125,063	(125,063)	-	-	-
Interfund transfers	-	200,000	(600,000)	400,000	-
Net assets, June 30, 2014	$ 1,761,384	$ 818,030	$ 600,000	$ 400,000	**$ 3,579,414**

Notes to the Financial Statements

12. COMMITMENTS

TSASK has entered into various lease agreements with minimum annual payments as follows:

2015	353,179
2016	275,775
2017	270,577
2018	270,577
2019	294,628
Thereafter	1,080,304
	$ 2,545,040

13. FINANCIAL INSTRUMENTS

FAIR VALUE

TSASK's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The carrying amount of TSASK's financial instruments approximates fair value, due to relatively short term maturities.

CREDIT RISK

TSASK is exposed to credit risk of its trade receivables. TSASK manages this credit risk through monitoring of credit balances and active collection activity. In the event that an account is deemed uncollectible, the account is written off as bad debt.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. TSASK has no significant exposure to interest rate risk.

LIQUIDITY RISK

Liquidity risk is the risk that TSASK will not be able to meet its financial obligations as they fall due. TSASK's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow generated from operations to fund the operations and settle debt and liabilities when due. TSASK also maintains an operating reserve to mitigate this risk (note 11). Contractual obligations and payments related to financial liabilities as at June 30, 2014 are all expected to be paid by June 30, 2015.

Notes to the Financial Statements

13. FINANCIAL INSTRUMENTS (continued)

FOREIGN CURRENCY RISK

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. TSASK enters in to transactions to receive income denominated in US dollars. TSASK has no significant exposure to foreign currency risk.

14. PENSION PLAN

TSASK participates in the Public Employees Pension Plan (PEPP), a defined contribution pension plan. TSASK's obligations to PEPP are limited to 7.50% of earnings for all employees for current services. During the year, TSASK contributed $347,299 (2013 - $338,282) to PEPP, which is recorded as an expense.

15. TRANSACTIONS WITH GOVERNMENT

TSASK has routine operating transactions with the Government of Saskatchewan which are recorded at the rates charged by the Government of Saskatchewan and are settled on normal trade terms. Included in expenses are transactions with the Government of Saskatchewan amounting to $790,667 (2013 - $800,868) of which $63,677 (2013 – $30,760) was payable at June 30, 2014.

16. COMPARATIVE AMOUNTS

Certain prior year comparative figures have been reclassified to conform to current year's presentation.

Contact Information

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